

119 FERC ¶ 61,282  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

ISO New England Inc. and New England Power Pool

Docket No. ER07-767-000

ORDER ACCEPTING TARIFF CHANGES TO MARKET RULE 1 FOR ENERGY  
TRANSACTIONS OVER THE 1385 CABLE

(Issued June 19, 2007)

1. On April 20, 2007, ISO New England Inc. (ISO-NE) and the New England Power Pool (NEPOOL) Participants Committee (collectively, the Filing Parties) submitted, changes to Market Rule 1 for real-time scheduling of energy transactions over the existing underwater cable between Northport, Long Island and Norwalk, Connecticut (the 1385 Cable). The Commission accepts the tariff changes, under section 205(c) of the Federal Power Act (FPA)<sup>1</sup> and makes them effective June 27, 2007, as requested, and requires ISO-NE to establish and post a transfer rating for the 1385 Cable.

**Background**

2. The 1385 Cable is one of the transmission facilities that form the overall interconnection between the New York and New England Control Areas. The interconnection also includes a number of other alternating current (AC) transmission facilities that span the border between New York and the New England states of Connecticut, Massachusetts and Vermont (the Northern AC Ties). The real-time operation of the 1385 Cable and the Northern AC Ties is interdependent. Typically, the combined transfer capability of the 1385 Cable and the Northern AC Ties is maximized when energy flows on the 1385 Cable are at zero. The flow on the cable typically is scheduled at zero MW unless a specific flow is necessary for reliability in either New York or New England. The 1385 Cable currently is not modeled as a separate interface in either New York or New England because it is not scheduled or dispatched separately by either ISO-NE or the New York Independent System Operator, Inc. (NYISO).

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<sup>1</sup> 16 U.S.C. § 824d(c) (2000).

3. After completing necessary engineering analyses and developing appropriate operating procedures, ISO-NE proposes to implement a separate 1385 Cable external node<sup>2</sup> to allow market participants to schedule energy in real-time over the cable. Establishing a new external node unique to the 1385 Cable will allow market participants to request energy schedules for delivery to and from New England specifically over this facility and for the specific pricing of that energy. The Filing Parties state that the available transfer capability over the 1385 Cable will continue to be limited depending on real-time operating conditions. According to testimony submitted by ISO-NE, there will be a 100 MW transfer limit on the 1385 Cable based on studies assessing system conditions in the Southwest Connecticut region and interdependent reliability issues with the Northern AC Ties.
4. As for allocating costs, under the existing rules, the 1385 Cable is included as part of the overall New York/New England interface, and all costs associated with Local Second Contingency Protection Resources for emergency energy sales are allocated on a proportionate basis to the Vermont, West Central Massachusetts and Connecticut Reliability Regions in New England. Purchasers of emergency energy from New England are responsible for a portion of any costs associated with Local Second Contingency Protection Resources that are incurred within the Reliability Region that is the direct source of the emergency energy.
5. The Filing Parties propose to amend Market Rule 1 to specifically identify Local Second Contingency Protection Costs associated with the 1385 Cable when the ISO is selling emergency energy to adjacent control areas. This cost allocation is set forth in Market Rule 1, Appendix F, section III.F.3.2.16. The existing rules already provide for a portion of such Second Contingency Protection Costs to be assigned to emergency energy sales, and the only proposed change is to separate out the cost assignment for the 1385 Cable to reflect the facility's separation from the rest of the AC ties with New York. The Filing Parties assert that it is appropriate to assign a part of general reliability-related Second Contingency Protection Costs to emergency energy sales. Emergency energy sales contribute, along with New England and/or zonal demand, to the need to provide Second Contingency Protection and thus, appropriate costs should be incurred for that protection and appropriately allocated. The Filing Parties propose to amend Market Rule 1 to specify that the applicable costs would be incurred in the Connecticut reliability region, which is the geographic region where the 1385 cable terminates.

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<sup>2</sup> An external node is a proxy bus or buses used to establish a locational marginal price for energy received by market participants from, or delivered by market participants to, a neighboring control area. They also are used to establish locational marginal prices associated with energy delivered through the New England control area by transmission customers for use in calculating congestion costs and loss costs.

### **Interventions and Comments**

6. Notice of the Filing Parties' April 20, 2007 filing was published in the Federal Register, 72 Fed. Reg. 24,284 (2007), with interventions and protests due on or before May 11, 2007. Timely motions to intervene were filed by NYISO, NRG Companies (NRG) and Northeast Utilities (NU) Companies, by their agent Northeast Utilities Service Company (NUSCO), and a timely motion to intervene with comments was filed by Long Island Power Authority (LIPA).

7. LIPA filed comments in support of the proposed changes that included a request that the Commission order the Filing Parties to continue collecting monitoring data of actual transfers and provide a report and recommendation to the Commission, based on monitoring data over the May 1 to September 30, 2007 Summer Period, as to whether the 100 MW transfer limit should be increased or modified.

### **Discussion**

8. Establishing a new external node for the 1385 Cable provides the benefits of allowing market participants to request scheduling of import and export energy and specific pricing of that energy. The proposed changes to Market Rule 1 separate out the cost assignment for the 1385 Cable when it is used to supply emergency energy and appropriately channels reliability contingency costs. The Commission accepts the proposed changes and supports the Filing Parties' initiative to more directly assign appropriate costs to beneficiaries whose needs require incurring those costs.

9. We deny LIPA's request that the Commission order the Filing Parties to provide a report and recommendation on whether the transfer limit should be modified based on monitoring data over the Summer Period. In light of ISO-NE's obligations under the ISO-NE tariff, a separate report is unnecessary. We direct ISO-NE to establish a transfer rating for the 1385 Cable as soon as practicable after the 2007 Summer Period in accordance with the ISO-NE tariff provisions on assessing available transmission capability,<sup>3</sup> and post such ratings on its Open Access Same-Time Information System (OASIS) in accordance with Commission Regulations.<sup>4</sup>

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<sup>3</sup> See *ISO New England Inc.*, FERC Electric Tariff No. 3, section II – Attachment C – Methodology to Assess Available Transmission Capability.

<sup>4</sup> See 18 C.F.R. § 37.6 (2006).

The Commission orders:

(A) The tariff changes to Market Rule 1 are hereby accepted, to be effective June 27, 2007.

(B) We direct ISO-NE to establish a transfer rating for the 1385 Cable as soon as practicable after the 2007 Summer Period, and post such ratings on OASIS as discussed in the body of this order.

( S E A L )

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.